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Emanuel, Markey Question Republican “Double Talk” on Big Oil *Introduce Windfall Profits Tax Legislation*

WASHINGTON, DC — Today, November 8, 2005, U.S. Representatives Rahm Emanuel (D-IL) and Edward J. Markey (D-MA) held a press conference to discuss the Republican “double talk” agenda when it comes to energy policy and the oil industry’s multibillion dollar profits after hurricanes Katrina and Rita. The lawmakers will lay out a Democratic plan for addressing the skyrocketing price of oil and historic profits of Big Oil.

“As gas prices reach record highs and the American consumer pays more each month for the cost of gas and home heating oil, this quarter, the oil industry reported a \$25 billion windfall in profits,” said Emanuel. “And we’re hearing some big talk from Republicans. Senator Domenici said the oil executives ‘are going to get pounded on the price’ and even the Speaker of the House said ‘The oil companies need to do their part.’ But this is a very different tune then the one they were singing when they passed the Energy Bill.”

This year, the Republican-led, U.S. House of Representatives passed an Energy Bill that contained \$14.5 billion in handouts energy producers, many of which were earmarked for the oil and gas industry. According to the U.S. Department of Energy, that bill will actually increase the cost of gasoline. The Energy Department also reports that Americans will spend over \$200 billion more on energy this year than they did last year, totaling over one trillion dollars.

Rep. Markey, a senior Democrat on the House Energy and Commerce Committee and author of legislation to end the royalty holiday for Big Oil said, “These House Republicans who today are shedding crocodile tears about high oil and gas prices are the very same Republicans who drafted an energy bill at the wishes of Big Oil and fought energy legislation that would have increased the fuel economy of cars, set a goal to reduce foreign oil imports and reduced our dependency on foreign oil.”

“Back then they were all singing from the energy industry hymnal,” said Emanuel. “The Chairman of the House Energy and Commerce Committee called it ‘a darned good bill’ and Senator Domenici called it ‘the most important piece of energy legislation by Congress in almost 50 years.’”

Rep. Markey continued, “We are introducing a bill that would impose a 50 percent tax on oil companies for oil sold at prices above \$40 a barrel and return half of the generated revenue to consumers who have been bearing the brunt of high gas prices by giving an income tax rebate.”

The Windfall Profit and Consumer Assistance Act of 2005 would also exempt profits that are reinvested by oil companies to increase refinery capacity or invest in new production. Democrats have also proposed energy bills to increase research for alternative fuels and hybrid and hydrogen fueled vehicle technologies.

Since the Republican Party took control of the House in 1994, the energy industry has given them more than \$220 million. ExxonMobil is the largest corporate donor for the Republican Party. And in return, this Congress has repeatedly blocked attempts to increase fuel economy standards for automobiles. Most recently they passed a refinery bill with an additional \$2 billion in handouts to oil and gas companies. This move will do nothing to bring down the cost of oil for working Americans. Democrats are working to bring down gas prices for American families.

Fact Sheet on the Windfall Profit and Consumer Assistance Act of 2005

This bill would impose a 50 percent windfall profit tax on the record profits oil companies are recording and use the generated revenue to give an income tax rebate and fund the Low Income Home Energy Assistance Program (LIHEAP).

Effects of the Markey Windfall Profit and Consumer Assistance Act of 2005

- Impose a 50 percent tax on oil companies for oil sold at prices above \$40 a barrel.
- Return half of the generated revenue to consumers who have been bearing the brunt of high gas prices by giving an income tax rebate.
- Use the other half of the generated revenue to fund LIHEAP, which millions of Americans will need this winter to stay warm.
- Would exempt profits that are reinvested by oil companies to increase refinery capacity.

Additional Facts

- Oil companies have been recording record profits.
 - \$9.9 billion – Exxon Mobile’s third quarter profits.
 - \$9 billion – Royal Dutch Shell’s third quarter profits.
 - \$107 billion – Estimated combined profits of the five biggest investor owned oil companies.
- Current oil prices are near \$60 a barrel and have been near \$70 a barrel recently.
- Consumers have been bearing the brunt of extraordinarily high gas prices.
 - According to The Energy Information Administration, yesterday the average price of gas nationally was \$2.376 per gallon.
http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_home_page.html
- Home heating costs are skyrocketing.
 - According to projections in the Energy Information Administration’s recently released “Short-Term Energy Outlook and Winter Fuels Outlook,” home heating oil prices are likely to be 31.5 percent higher than they were last year.
 - This price increase translates into an average consumer expenditure of \$1,577, an increase of \$378 over last winter.
 - Last year, only 15.6 percent of households eligible for LIHEAP assistance nationwide were actually served – about five million families.